

A question of crucial concern to HK

The Financial Secretary, Mr Philip Haddon-Cave, now visiting London, has a two-fold mission. The better publicised part is to conduct further exploratory talks on the mass-transit system.

But of far greater immediate importance is the future of Hongkong's sterling assets in London, now a question of crucial concern with the failure of agreement on wage and price control and with no sign that Britain has resolved the rate at which its currency is to be repegged.

There are, of course, provisions for compensation assuming the sterling rate remains below \$2.3670 for 30 consecutive days. What happens after that has not been clarified and it must be assumed this is one question Mr Haddon-Cave will press during his London talks with the British Treasury.

No less important, however, is the long-term security of the Hongkong dollar which because of its full sterling backing must be protected against further erosion of the pound.

Diversification of our assets is now a matter of priority.

Mr Haddon-Cave must make sure that Britain understands current feeling in Hongkong. We cannot wait to see whether the latest British Government measures succeed in stopping the rot. We must plan an orderly programme of withdrawal to begin immediately after the expiration of the Basle Agreement in September next year with conversion at a guaranteed rate.

The Hongkong Government cannot be constrained by constitutional niceties in acting in defence of a currency the present strength of which it has taken the collective efforts of Hongkong people many years to achieve.

If the Hongkong Government hopes to retain the credibility of its people as an administration capable of acting in their best interests it must place its own financial security first.

This is why it is imperative for Mr Haddon-Cave to return with clear answers to questions on the future of our sterling assets. We cannot afford to be bamboozled by an attempt to remind Hongkong of theoretical colonial subservience.

A crisis of confidence in the ability of the Hongkong Government to resolve its currency problems could then result in creating disillusionment among the commercial, trading and manufacturing community and undermining overseas confidence in the Colony.

Hongkong must not be put off by Britain's claims that it must deal with all holders of sterling assets together, or even with some of them. It must press its own viewpoint and give clear notice of the action it will take in its own interest.